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FISCAL IMPACT STATEMENT

LS 7091

BILL NUMBER: SB 451

NOTE PREPARED: Jan 5, 2004

BILL AMENDED:

SUBJECT: Full-Day Kindergarten.

FIRST AUTHOR: Sen. Breaux

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State & Local

Summary of Legislation: This bill provides that the governing body of a school corporation shall establish either a full-day or a combination full-day and half-day program for kindergarten. It provides that the parent of an enrolled kindergarten student determines whether the student attends kindergarten for a full day or half day. The bill provides a grant to each school corporation that offers a full-day kindergarten program, with the amount of the grant equal to the additional amounts a school corporation would have received for tuition support, the growing enrollment adjustment, the at-risk grant, the transportation distribution, and the primetime distribution if each full-day kindergarten student were counted as one pupil rather than one-half pupil for purposes of the distribution formulas.

Effective Date: July 1, 2004.

Explanation of State Expenditures: *State Tuition Support:* This bill will increase the kindergarten funding to school corporations. Currently kindergarten students are counted as a half of an ADM in the school formula. The bill would distribute the difference in funding between counting the full-day kindergarten students as 1 instead of ½ for the regular tuition support grant, growing enrollment grant, primetime grant, at-risk grant, and the transportation formula. The state impact depends on whether a school offers the option of full- or half-day kindergarten and whether parents select the half-day or full-day option. Schools can choose to offer full-day or a combination of full-day and half-day.

During the 2002-2003 school year, 72,326 students were enrolled in public school kindergarten.

Assuming all kindergarten students attend a full-day program, the additional local revenue generated by the school funding simulation formula are shown in the following table. [*Note:* The estimated costs are based

on current state law projected for CY 2006. The future costs that are associated with the additional ADM could be changed depending on the school formula adopted for CY 2006.]

| Calendar Year | Incr. ADM | State Tuition Support | Growing Enrollment | Primetime | Total State Support |
|---------------|-----------|-----------------------|--------------------|-------------|---------------------|
| 2005 | 36,139 | \$78,917,000 | \$45,366,000 | \$878,000 | \$125,161,000 |
| 2006 | 36,139 | \$96,557,000 | \$0 | \$1,492,000 | \$98,049,000 |

The additional revenue per kindergarten student varies from \$17 per student to \$7,182 per student, depending on the tuition school formula funding for the corporation. Minimum guarantee schools would receive less than growing school corporations. Also schools that receive a high percentage of state funding in the school formula would receive more than schools that are primarily funded by property taxes. The current school formula does not provide state funding for transportation in FY 2005, so the addition of the kindergarten students as full-time ADM would not generate additional funding.

Net State Impact: Pursuant to P.L. 291-2001, the Governor changed the payment schedule for the distribution of tuition support for CY 2002 and years after. The old schedule provided 6 approximately equal monthly distributions in the first six months and 6 approximately equal monthly distributions in the second six months of a calendar year. The new schedule provides 5 approximately equal monthly distributions in the first six months and 7 approximately equal monthly distributions in the second six months of a calendar year.

The net state impact for FY 2005 equals \$52,151,000 (5/12th of \$125,161,000 additional state tuition support).

The net state impact for FY 2006 equals \$113,864,000 (7/12th of \$125,161,000 + 5/12th of \$98,049,000).

Explanation of State Revenues:

Explanation of Local Expenditures: Currently most kindergarten programs are half-day programs. P.L. 224-2003 (budget bill) provides \$8.5 M annually for a full-day kindergarten pilot in FY 2004 and FY 2005. Schools' costs of expanding full-day kindergarten for all children who attend kindergarten in public schools range between \$78 M and \$110 M. These costs do not consider the costs associated with the kindergartners who currently attend a full day. The added costs include teachers, classrooms, transportation, utilities, and custodial maintenance. With full-day programs schools may also have to build additional classrooms. The additional cost would depend on how schools design their programs. Given a class size of 18 to 1, about 2,000 additional classrooms would be needed.

Some school corporations may decide to locate their full-day kindergarten programs in centralized facilities and may need additional administrative staff. Based on a statewide survey conducted by the Department of Education, the number of school corporations that may need additional administrative positions is estimated to range between 20 and 35 as full-day kindergarten is implemented statewide. The added costs associated with these administrative positions could range between \$1.5 M and \$2.3 M.

Explanation of Local Revenues: See *Explanation of State Expenditures*.

State Agencies Affected: Department of Education.

Local Agencies Affected: Schools.

Information Sources: Department of Education Databases.

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